COMPREHENSIVE

PERFORMANCE MARKETING GUIDE

FOR SMALL BUSINESS

(FREE CHAPTER)

Growth Skool

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WHAT IS PERFORMANCE MARKETING?

Performance marketing is a type of digital marketing where advertisers pay only when specific actions occur, such as clicks, sales, or leads. Unlike traditional advertising, which involves paying upfront for ad space without guaranteed results, performance marketing ties payment directly to the effectiveness of the campaign. This results-driven approach ensures that marketing budgets are spent efficiently, and advertisers can measure the return on investment (ROI) with precision.

DEFINITION

Performance marketing is a comprehensive term that encompasses various online marketing and advertising programs where advertisers pay only when a specific action occurs. These actions can include:

- **Clicks (Pay-Per-Click or PPC)**
- **Impressions (Pay-Per-Impression or PPI)**
- **Leads (Pay-Per-Lead or PPL)**
- **Sales (Pay-Per-Sale or PPS)**

Performance marketing leverages multiple digital channels and platforms, such as search engines, social media, content marketing, and email marketing, to reach target audiences and drive measurable outcomes.

IMPORTANCE FOR SMALL BUSINESSES

Performance marketing is particularly advantageous for small businesses because it is cost-effective and measurable. Here's why:

BUDGET EFFICIENCY
Small businesses often operate with limited marketing budgets. Performance marketing ensures that every dollar/pounds spent contributes directly to achieving a specific goal, reducing wasteful expenditure.
Example: A small e-commerce store can run PPC campaigns on Google Ads, paying only for actual clicks on their ads, ensuring that their budget is spent attracting potential customers.

MEASURABLE RESULTS
Performance marketing provides clear and measurable outcomes, allowing small businesses to track the success of their campaigns in real-time.
Example: Using free Google Analytics, a business can monitor the number of clicks, conversions, and revenue generated from a particular ad campaign, enabling them to make data-driven decisions.

FLEXIBILITY AND SCALABILITY
Campaigns can be easily adjusted based on performance data. If a particular strategy isn't yielding the desired results, it can be modified or scaled up/down as needed.
Example: If a Facebook ad is performing exceptionally well, the business can increase the ad spend to maximise reach and conversions.

TARGETED REACH
Performance marketing allows for precise targeting of audiences based on demographics, interests, and behaviors, ensuring that the marketing efforts reach the most relevant potential customers.
Example: A local bakery can use Facebook ads to target users within a specific geographic radius who have shown interest in baking or food-related content.

IMPROVED ROI
By focusing on actions that lead directly to sales or leads, performance marketing often yields a higher return on investment compared to traditional marketing methods.
Example: An affiliate marketing program where partners are paid a commission only when they drive a sale ensures that the business pays for actual sales, not just potential reach.

OVERVIEW OF KEY PERFORMANCE METRICS (KPIS)

To effectively manage and optimize performance marketing campaigns, it's crucial to track key performance metrics (KPIs). These metrics help businesses understand how well their campaigns are performing and identify areas for improvement. Here are some essential KPIs in performance marketing:

CLICK-THROUGH RATE (CTR)

Definition: The ratio of users who click on an ad to the number of total users who view the ad.
Importance: A higher CTR indicates that the ad is relevant and appealing to the audience.
Calculation: CTR = (Clicks / Impressions) * 100
Example: If an ad receives 100 clicks and 10,000 impressions, the CTR is 1%.

CONVERSION RATE

Definition: The percentage of users who take a desired action after clicking on an ad, such as making a purchase or filling out a form.
Importance: A high conversion rate signifies that the landing page and offer are compelling and relevant.
Calculation: Conversion Rate = (Conversions / Clicks) * 100
Example: If 50 out of 1,000 users who clicked on an ad make a purchase, the conversion rate is 5%.

COST PER CLICK (CPC)

Definition: The amount paid by an advertiser for each click on their ad.

Importance: Monitoring CPC helps in managing ad spend and optimising bids to ensure cost-effectiveness.

Calculation: CPC = Total Spend / Total Clicks

Example: If a campaign spends $500 and receives 1,000 clicks, the CPC is $0.50.

COST PER ACQUISITION (CPA)

Definition: The cost incurred to acquire a customer or lead.

Importance: CPA helps in understanding the profitability of campaigns by comparing the cost of acquiring a customer to the revenue generated.

Calculation: CPA = Total Spend / Total Conversions

Example: If a campaign spends $1,000 and generates 50 sales, the CPA is $20.

RETURN ON AD SPEND (ROAS)

Definition: The revenue generated for every dollar spent on advertising.

Importance: ROAS indicates the effectiveness of ad spend in driving revenue and helps in assessing the overall success of campaigns.

Calculation: ROAS = Revenue / Ad Spend

Example: If a campaign generates $5,000 in revenue from a $1,000 ad spend, the ROAS is 5:1.

LIFETIME VALUE (LTV)

Definition: The total revenue a business can expect from a single customer over the duration of their relationship.

Importance: LTV helps in determining how much a business can afford to spend on acquiring new customers.

Calculation: LTV = Average Order Value * Purchase Frequency * Customer Lifespan

Example: If the average order value is $50, the purchase frequency is 4 times a year, and the customer lifespan is 3 years, the LTV is $600.

CHAPTER 1:

UNDERSTANDING THE BASICS

DIGITAL MARKETING FUNDAMENTALS

Digital marketing encompasses all marketing efforts that use an electronic device or the internet. Businesses leverage digital channels such as search engines, social media, email, and websites to connect with current and prospective customers. Here, we will explore the core elements and principles of digital marketing.

OVERVIEW OF DIGITAL MARKETING CHANNELS

SEARCH ENGINE OPTIMIZATION (SEO)

The process of optimising online content to rank higher in search engine results pages (SERPs), thereby increasing organic (non-paid) traffic.

KEY ELEMENTS:

On-page SEO: Optimising individual web pages, including content and HTML source code (e.g., keywords, meta tags, and images).
Off-page SEO: Building external links and promoting content to enhance site authority and trustworthiness.
Technical SEO: Improving site architecture and infrastructure (e.g., site speed, mobile-friendliness, and XML sitemaps).

PAY-PER-CLICK ADVERTISING (PPC)

This is a form of online marketing where advertisers pay a fee each time one of their ads is clicked. It's a way of buying visits to your site rather than attempting to earn those visits organically.

PLATFORMS:

Google Ads
Bing Ads
Social media platforms (e.g., Facebook, LinkedIn)

COMPONENTS:

Keyword research
Ad creation
Bid management
Landing page optimization

CONTENT MARKETING

This is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience.

Formats:

Blog posts

Videos

Infographics

Ebooks and whitepapers

GOALS:

Build brand awareness

Educate the audience

Drive engagement and conversions

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SOCIAL MEDIA MARKETING

The use of social media platforms to connect with your audience to build your brand, increase sales, and drive website traffic.

PLATFORMS:

Facebook

Instagram

Twitter

LinkedIn

Pinterest

TikTok

STRATEGIES:

Organic social media: Building a community and engaging with followers.

Paid social media: Running targeted ads and sponsored posts.

EMAIL MARKETING

The use of email to promote products or services, as well as to develop relationships with potential customers or clients.

Components:

Email list building

Crafting email content

Segmentation and personalization

Automation and drip campaigns

AFFILIATE MARKETING

This is also a type of performance-based marketing in which a business rewards one or more affiliates for each visitor or customer brought by the affiliate's own marketing efforts.

Key Players:

Merchants (advertisers)

Affiliates (publishers)

Affiliate networks

INFLUENCER MARKETING

This is a form of social media marketing involving endorsements and product mentions from influencers—individuals who have a dedicated social following and are viewed as experts within their niche.

Types of Influencers:

Mega-influencers: Influencers with over 1 million followers on social media

platforms.

Macro-influencers: Influencers with 100,000 to 1 million followers.

Micro-influencers: Influencers with 10,000 to 100,000 followers.

Nano-influencers: Influencers with fewer than 10,000 followers.

DISPLAY ADVERTISING

Online advertising that includes various forms of visual ads, such as banner ads, rich media ads, and more, displayed on websites, apps, or social media.

Formats:

Static images

Animated images

Interactive content

VIDEO MARKETING

Using video content to promote or market a brand, product, or service.

Platforms:

YouTube

Facebook Video

Instagram Stories and Reels

TikTok

Types of Video Content:

Product demos

Testimonials

Explainer videos

Understanding the differences between traditional and performance marketing is crucial for small businesses aiming to maximise their marketing efforts.

COST STRUCTURE

TRADITIONAL MARKETING:

Often involves upfront costs (e.g., buying ad space on TV, radio, or print media) regardless of the outcome.

Example: A business pays a fixed fee for a TV commercial that airs during a specific time slot.

PERFORMANCE MARKETING:

Costs are based on specific actions taken by the audience (e.g., clicks, conversions).

Example: A business pays for each click on its online ad or for each lead generated through an affiliate partner.

MEASURABILITY AND ANALYTICS

Traditional Marketing:

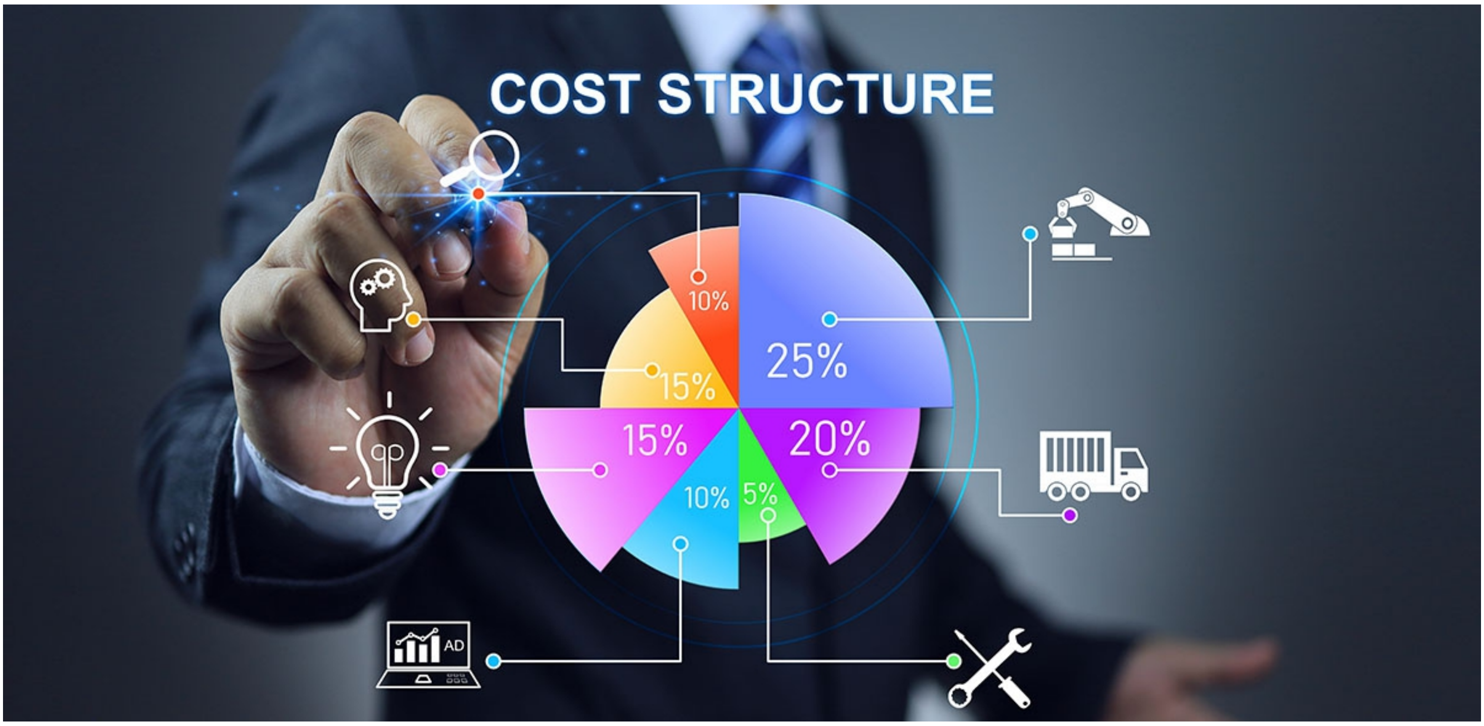
Measurement can be challenging and less precise, often relying on surveys and estimations.

Example: Estimating the reach of a billboard based on traffic data.

PERFORMANCE MARKETING:

Provides precise, real-time data and analytics, allowing for accurate measurement of ROI.

Example: Using Google Analytics to track the number of conversions from a PPC campaign.



TARGETING AND *REACH*

TRADITIONAL MARKETING:

Broad targeting with less precision, aiming to reach a general audience.

Example: A newspaper ad targets all readers of that publication, regardless of their specific interests.

PERFORMANCE MARKETING:

Highly targeted, using data to reach specific demographics, interests, and behaviors.

Example: A Facebook ad campaign targets users based on age, location, and interests in related products.

FLEXIBILITY AND OPTIMIZATION

Traditional Marketing:

Limited flexibility; once a campaign is launched, making changes can be difficult and costly.

Example: Altering a print ad campaign requires reprinting, which is both time-consuming and expensive.

Performance Marketing:

Highly flexible; campaigns can be adjusted in real-time based on performance data.

Example: Modifying a PPC ad's keywords or budget mid-campaign to improve performance.

CUSTOMER ENGAGEMENT

TRADITIONAL MARKETING:

Often a one-way communication channel, with limited interaction between the brand and the audience.

Example: A radio ad broadcasts information but doesn't facilitate immediate feedback or engagement.

Performance Marketing:

Enables direct interaction and engagement, allowing for real-time feedback and relationship building.

Example: Social media ads that encourage users to comment, share, or interact with the brand.

BUDGET ALLOCATION

Traditional Marketing:

Requires significant upfront investment, often with less certainty about the results.

Example: A business must pay for a full-page magazine ad without knowing how many sales it will generate.

PERFORMANCE MARKETING:

Allows for more controlled and incremental spending, with the ability to scale based on results.

Example: Starting a PPC campaign with a small budget and increasing spend as positive results are observed.

CHAPTER 2:

SETTING UP FOR SUCCESS

MARKET RESEARCH AND AUDIENCE ANALYSIS

To ensure the success of performance marketing efforts, it's crucial to start with a solid foundation of market research and audience analysis. This involves identifying your target audience, creating buyer personas, and analysing competitor strategies.

IDENTIFYING TARGET AUDIENCE

Define Your Market

Industry and Niche: Understand the broader industry and your specific niche within it. Identify the overall market size, growth potential, and trends.

Geographic Location: Determine where your potential customers are located. This could be global, national, regional, or local.

Demographics: Analyse key demographic factors such as age, gender, income, education, and occupation

CUSTOMER BEHAVIOUR

Psychographics: Understand your audience's interests, values, attitudes, and lifestyles.

Buying Habits: Look into how and where your target audience makes purchases. Are they online shoppers, or do they prefer brick-and-mortar stores?

Pain Points and Needs: Identify the challenges your audience faces and how your product or service can solve them.

TOOLS FOR IDENTIFYING TARGET AUDIENCE

Google Analytics: Provides insights into your current audience's demographics, interests, and behaviours.

Social Media Insights: Platforms like Facebook, Instagram, and LinkedIn offer analytics that reveal audience details.
Customer Surveys: Direct feedback from existing customers can help you understand their preferences and needs.

CREATING BUYER PERSONAS

Buyer personas are semi-fictional representations of your ideal customers based on data and research. They help you understand your customers better and tailor your marketing strategies to meet their specific needs.

COMPONENTS OF A BUYER PERSONA

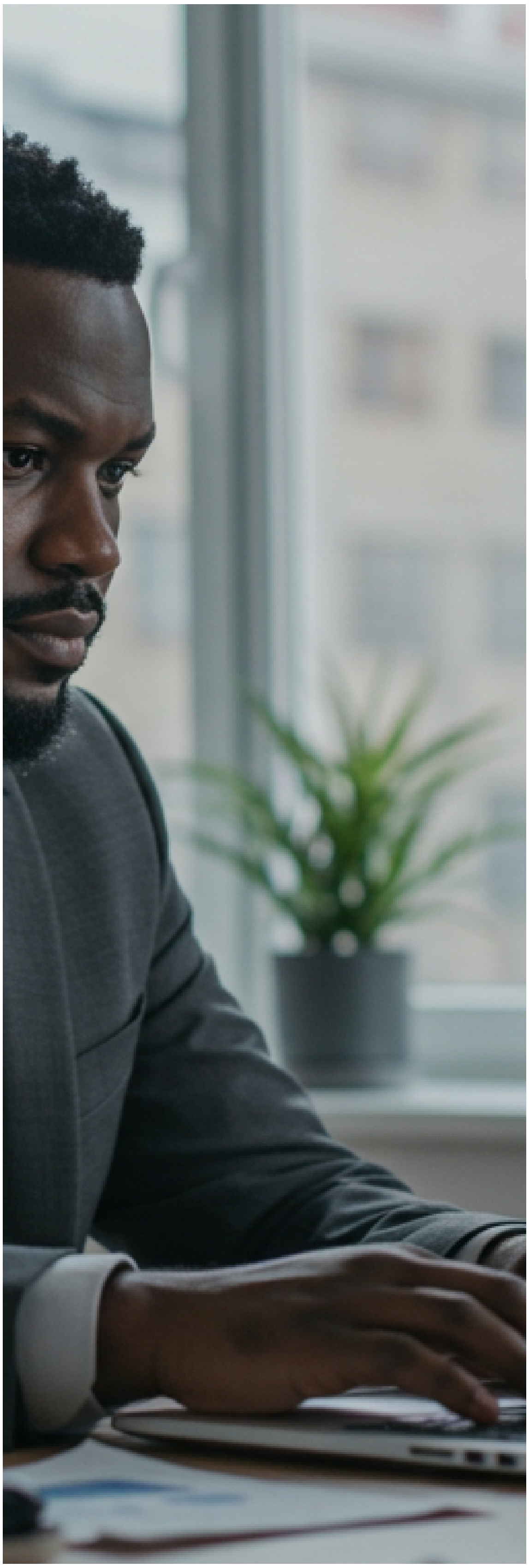
Demographic Information: Age, gender, income, location, education, job title.
Background and Personal Information: Career path, daily routines, personal interests, hobbies.
Challenges and Pain Points: Common problems they face that your product or service can address.
Goals and Motivations: What they aim to achieve personally and professionally.
Preferred Communication Channels: How they prefer to receive information (e.g., email, social media, in-person).

STEPS TO CREATE BUYER PERSONAS

Collect Data: Use tools like Google Analytics, social media insights, and customer surveys to gather relevant information.
Identify Patterns: Look for common traits and behaviours among your customers.
Develop Persona Profiles: Create detailed profiles for each persona, giving them names and backstories to make them more relatable.

Validate and Update: Regularly review and update your personas based on new data and insights.

ANALYSING COMPETITOR ***STRATEGIES***



Understanding what your competitors are doing can provide valuable insights and help you identify opportunities to differentiate your business.
Identify Key Competitors

Direct Competitors: Businesses offering similar products or services to the same target audience.
Indirect Competitors: Businesses offering different products or services that meet the same customer needs or solve the same problems.

ANALYSE COMPETITOR MARKETING STRATEGIES

Website Analysis: Evaluate their website's design, content, and user experience.
SEO Strategy: Use tools like SEMrush or Ahrefs to analyze their keywords, backlinks, and overall SEO performance.
Social Media Presence: Examine their social media activity, engagement levels, and the types of content they post.
Advertising Tactics: Look at their PPC campaigns, ad copy, and targeting strategies.

SWOT ANALYSIS

Strengths: What are your competitors doing well?
Weaknesses: Where are they falling short?
Opportunities: What opportunities can you capitalize on that they are missing?
Threats: What external factors could pose challenges to your business?

MATCHING CHANNELS TO *BUSINESS GOALS & AUDIENCE*

BUSINESS GOALS

Brand Awareness: Social media, content marketing, and display advertising.
Lead Generation: PPC, email marketing, and SEO.
Sales and Conversions: PPC, email marketing, and retargeting campaigns.
Customer Retention: Email marketing, social media engagement, and loyalty programs.

AUDIENCE PREFERENCES

Demographics: Match the channel's user demographics to your target audience. For example, LinkedIn for B2B marketing or Instagram for younger audiences.
Content Consumption Habits: Use channels where your audience spends their time and prefers to consume content.
Purchase Behavior: Select channels that influence your audience's purchasing decisions.

BUDGET PLANNING

Effective budget planning ensures that you allocate resources efficiently across different marketing channels to maximise ROI.

ALLOCATING BUDGET ACROSS CHANNELS

Determine Overall Budget

Revenue Percentage: Allocate a percentage of your expected revenue to marketing (commonly 5-10% for small businesses).
Fixed Amount: Set a fixed dollar amount based on historical data and future projections.

CHOOSING THE RIGHT *CHANNELS*

Selecting the appropriate marketing channels is crucial to reaching your target audience effectively and achieving your business goals.

Evaluating Different Marketing Channels

CHANNEL CHARACTERISTICS

Reach: How large and engaged is the audience on this channel?

Cost: What is the cost of advertising on this channel?

Content Type: What type of content performs well on this channel (e.g., videos, images, text)?

Engagement: How interactive is the audience, and what is the potential for customer engagement?

POPULAR MARKETING CHANNELS

Search Engines (Google, Bing): Great for capturing high-intent search traffic through SEO and PPC.

Social Media (Facebook, Instagram, LinkedIn, Twitter): Effective for building brand awareness, community engagement, and targeted advertising.

Email Marketing: Ideal for nurturing leads, maintaining customer relationships, and driving conversions.

Content Marketing (Blogs, Videos): Useful for educating customers, building trust, and improving SEO.

Affiliate Marketing: Leverages the reach of affiliates to drive sales and traffic.

ABOUT *THE* AUTHOR

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Tobi Adekunle is a seasoned growth and marketing professional and passionate technology enthusiast with a proven track record of over 13 years in diverse industries including e-Commerce, Information Technology (EdTech, HelathTech & SaaS), Energy -Utilities, Financial Technology, Advertising Technology, Property Technology and Private Investment Property Management. His expertise spans, marketing, strategy, and growth especially within the B2B SaaS sector. He is currently the Manager, Product Marketing and Campaigns at one of the largest B2B SaaS predictive analytics companies in Manchester, United Kingdom.

He is a co-founder and Partner at Growthskool an EdTech platform that empowers young professionals with technical marketing skills that positions them for global opportunities. Tobi is recognised as a mentor and trainer an active member of local and international professional bodies.

His academic achievements reflect his commitment to continuous learning and professional growth. He holds a Post-Graduate Diploma in Professional Marketing from the esteemed Chartered Institute of Marketing UK. Furthermore, he earned his MBA from the renowned Business School Netherlands, equipping him with a comprehensive understanding of strategic business management. He is a member of the PMAlliance global community and an ambassador of the Association of International Product Marketing and Management (AIPMM) USA.

Driven by his passion for leveraging technology to drive business growth, he is dedicated to pushing boundaries, fostering collaboration, and empowering marketing professionals and entrepreneurs to thrive in the ever-evolving business landscape.

Outside of professional duties he is also a volunteer for non-profit organisations in the Unted Kingdom where he leads strategy and digital transformation. He is the author of the Purpose & Profession Newsletter on LinkedIn as he continuously seeks to help people align their career with their God-given purpose.

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